

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Electrification Administration
Washington 25, D. C.

Administrative Memorandum

SUBJECT: Responsibility for Execution of REA Policy in Respect of
Retail Rates

Responsibility for the execution of REA policy in respect of retail rates of REA borrowers for electric service to their consumers is as follows:

1. Responsibility of Management Division

- a. It is the responsibility of the Management Division to design all retail rate schedules, whether payments are on a monthly, quarterly or annual basis, and to assist and advise REA borrowers as to the adoption of all types of rate schedules for electric service and the application of such schedules to various classes of consumers.
- b. Determination of the minimum monthly charge and the number of kilowatt-hours allowed under the minimum charge for consumers of a new REA borrower shall be made in conjunction with the Applications and Loans Division, and the Applications and Loans Division shall be consulted on all questions involving the promotion of liberal use of service.

2. Responsibility of Applications and Loans Division

It is the responsibility of the Applications and Loans Division to perform the following activities in respect of retail rates:

- a. Prior to the sign-up of prospective consumers by a new REA borrower, to make preliminary determination of the minimum monthly charge for farm and residential service and the number of kilowatt-hours allowed under the minimum charge. Such preliminary determinations shall be subject to review by the Management Division when making its rate report for allocation to the Applications and Loans Division. However, changes in the minimum bill which would require a new sign-up of consumers shall be avoided unless considerations are involved of sufficient importance to warrant a re-canvassing of prospective consumers.

- b. During the period of negotiations for a proposed acquisition to discuss with REA borrowers and others, wherever necessary, possible changes in the retail rates in effect on the properties to be acquired. In the event that consumers on the properties to be acquired demand or expect a rate lower than the existing cooperative rates, such revisions shall be cleared with the Management Division before presenting them to REA borrowers and other interested parties.
- c. To make recommendations to the Management Division for the need of promotional rates and submit data in relation thereto.

3. Retail Rate Revisions

Responsibilities and procedures in connection with retail rate revisions shall continue to be in accordance with Memorandum BMFR-M1, May 2, 1946, entitled "Organization and Basic Procedure for Ascertaining the Need, Nature and Extent of a Retail Rate Revision."

Claude R. Wickard

Administrator

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